

VIA WHITE HOUSE CHANNEL

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January 14, 1974

TOHAC 45

TO: Henry A. Kissinger

FROM: Brent Scowcroft *BS*

25X1

2. I called in the report in HAKTO 10 to Dobrynin. He appreciated the information and asked for the results of your GOI visit as soon as possible.

3. The Staff Meeting this morning was fairly lengthy. Shultz suggested that the State of the Union address include the President's earlier proposals on tax reform, in order to stay ahead of pressures in that area. *Shultz* He is preparing proposals on depletion allowances and windfall profits in the oil industry and commented that the oil companies are taking advantage of a tax loophole allowing them to deduct foreign taxes on a worldwide basis to make a real killing. Shultz said he was leaving tonight for Rome and hoped to get a monetary reform by

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summer which would preserve the flexibility we have now been able to get. Ash discussed the prospects for various ~~energy~~ organizations *to manage the energy business.* Jackson supports the full Department for Energy and Natural Resources but Holifield is against it. A fallback would be to combine FEA and ERDA, and a further fallback would keep them separated. Harlow commented on Goldwater's favorable remarks yesterday and said Goldwater is scheduled to give a strong supportive speech tonight. Haig said that the President may give some kind of an energy speech this week but, in general, he wants his first major appearance to be the State of the Union. There was a long discussion about the proper *staff* attitude on impeachment. Haig observed that the President does not like comments urging an early vote on impeachment; rather, the statements should urge that the Committee dispose of the issue early on the basis there are no grounds for impeachment. Laird said there would have to be a House vote no matter how the Committee reported. Bryce said *the opposition* ~~they~~ now have no grounds for impeachment but they could, by issuing a basketful of subpoenas and hoping for Presidential rejection, get grounds for impeachment through a contempt citation. Haig said that there would be no more Watergate discussions with the press by staff members or by the Press Office. St. Clair will do it all, so that the press briefings can concentrate on White House business rather than Watergate. I have earlier reported the edict about contacts with the

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press (TOHAK 41) that was in the context of the discussion on how to react to the "spy case" allegations. Haig said that the President had gotten very disturbed about backgrounders and that he had said he would fire anyone who saw the press without first notifying the Press Office.

4. I call your attention to TOHAK 42. This appears to be a disastrous new turn in the Saudi oil policy.

Warm regards.

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